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ABSTRACT

In response to the funding crisis generated in part by the "Serrano vs. Priest" decision and by Proposition 13, parents and volunteers in over 100 California school districts have formed tax-exempt nonprofit corporations to improve the quality of education by raising supplementary funds, usually through donations from parents of children in school. These educational foundations generally follow one of three models for deciding how to spend foundation monies: by allowing the school board to decide how to spend funds raised; by awarding minigrants, usually in amounts of less than $3,000, directly to teachers for proposed projects; or by developing joint funding priorities from input by both school board and foundation. Successful educational foundations in San Francisco, Laguna Beach, and Hillsborough are described. While critics of educational foundations focus on their potential for interfering with equal funding measures, no one has yet challenged foundations legally or suggested reducing state aid to districts with successful foundations. Another concern is the possible participation of private interests, especially corporations, in school fund allocation. The paper concludes that educational foundations are an important means of regaining some local control of the schools and are likely to flourish. (MJL)

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Emerging Role of Educational Foundations in Financing Education

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Emerging Role of Educational Foundations in Financing Education

Local school districts in the state of California are in the midst of a funding crisis, and there are several reasons for this:

1. In 1972, the state legislature passed a bill declaring that funding for public schools should not be primarily tied to the assessed property values of a district.
2. In 1976, the California Supreme Court's decision in the case of Serrano vs. Priest directed the state to equalize the amount of school funding across school districts based on equal spending per student.
3. In 1978, Proposition 13 limited the amount of property tax to be collected and additionally returned all such revenues to the state legislature for redisbursement to the schools.

Thus, in but a few short years, the concept of local funding of schools has been effectively wiped out in the state of California.

This year's enactment of the Hughes-Hart Education Reform Act of 1983 has been a small ray of sunshine in an otherwise gloomy picture. State Senator John Seymour

(R-Anaheim) has stated that the passage of the Act "is the beginning of the journey back to excellence in education" for the state of California (Seymour, 1983). The Education Reform Act added $800 million to the state's education budget for 1983-84, although even this amount has not been enough to help some local districts out of their financial dilemmas (see, for example, Betts, 1983). And unfortunately, Governor Deukmejian has indicated that he will veto the proposed second and third years of funding of the Act.

Yet in over 100 California school districts, parents and community volunteers have rallied to aid their financially troubled schools by forming tax-exempt, non-profit corporations to raise funds for the direct benefit of the public school system. These corporations, variously called school foundations, education foundations or education funds, function much like a university's development office or endowment fund. While school foundations vary greatly in terms of size and modes of operation, all are aimed at improving the quality of education in a single school district by raising funds which are then contributed directly to the school districts.

Characteristics of a School Foundation

School foundations typically operate as non-profit, tax-exempt corporations, separate from the local school board, which are run by a board of trustees made up of community volunteers representing a cross-section of the community. Although most use the title of "foundation," most are not foundations in the usual sense of the word; that is, they typically do not have an endowment, nor do they award grants. Trustees may be very active in conducting their own activities to raise funds, or they may employ a full-time executive director, a small staff, and even a professional fund-raiser. All donations are tax-deductible. Most of the donations come from parents of children in school; businesses may also be the targets of fundraising campaigns. Typically, most foundations operate with a great deal of "volunteer power."

School foundations generally follow one of three models for deciding how the foundation money is to be spent. In Model 1, the monies raised are given to the district's general education fund, thus letting the school board decide how the funds are to be spent. This model reinforces the traditional role of the school board in setting policy and establishing funding priorities.

This is the model followed by the Irvine Education Foundation.

In Model 2, the school foundation awards mini-grants to teachers based on proposals submitted to the foundation. The school board approves the process used by the foundation to make awards, but does not participate in the decision-making process. Most of the projects funded are small (less than $3,000 each); checks are sent directly to the teachers for the proposed projects. Such a model has been used very successfully by the San Francisco Education Fund.

A third model, one used by the Piedmont Education Foundation in Alameda County, allows input from both the foundation and the school board in deciding how to spend the money. Working together, these two groups develop a single list of funding priorities which become the targets of the foundation's fundraising campaigns.

No matter which model of decision-making is followed, all school foundations make it clear that their funds should be used to supplement, rather than replace, state and federal funds.

Three Examples of California School Foundations

San Francisco Education Fund. The largest school foundation in the state of California is the San Francisco

Education Fund (SFEF), founded in 1979.[1] SFEF employs an executive director, a program administrator, a director of development and a secretary to manage a 20-member board of directors and a 6-member business advisory committee. Between 1979 and 1982 SFEF awarded more than $800,000 for over 200 school projects using their mini-grant program. This foundation is unique in the way it has obtained widespread community and corporate support for its efforts, providing a working model of cooperation which is being copied by many other foundations in California and elsewhere. It has been very successful in obtaining grants from other private and corporate foundations, such as the Ford Foundation. One such grant provided the Fund with operating expenses so that every dollar raised by the Fund could be awarded directly to the schools.

A large part of the success of the Fund can be attributed to their mini-grants program, which is being tried in many other cities including Pittsburgh, PA. SFEF executive director Gladys Thatcher has indicated that the Fund's mini-grants program "helps dedicated teachers concentrate on the possible rather than on what's been eliminated from the budget. It raises teacher morale and educational effectiveness as well" (quoted in

Clarke, 1982). A San Francisco school administrator has said that the Fund "has been instrumental in turning the San Francisco Unified School District around, helping to erase a poor public image that's existed since the late 1970's" (quoted in Clarke, 1982).

Laguna Beach Education Foundation. Laguna Beach, an Orange County school district with one high school, one junior high and two elementary schools and virtually no corporations within the city limits, has an extremely successful school foundation which operates under the slogan "School Power." Since 1981, the Laguna Beach Education Foundation has raised over $100,000, most of it contributed by parents of school children. Fundraising is done by volunteer trustees with the help of a part-time executive director. All contributions go to the school district's general education fund. Defending this decision, foundation trustee Pat Kollenda explained, "You can't just reward your teachers, you have to reward everyone in the system. It's the whole system that has to work well for our kids to give them the education they need" (quoted in Works in progress, 1983, p. 13).

Part of the success of this foundation certainly can be attributed to the wealth of the schools' parents. But more importantly, their success is due to a unique one-to-

one effort in which every parent is personally contacted by one of the foundation's trustees. Trustee Kollenda typifies the efforts of most foundations when she says that "We do everything we think of to raise funds--runs, bake sales, circuses, bumperstickers, raffles--You name it, we've either done it or its on our agenda" (quoted in Works in progress, 1983, p. 13).

Hillsborough Schools Foundation. The Hillsborough Schools Foundation in San Mateo County divides its fund-raising efforts into three different arenas: parent campaign, community campaign and a special gifts campaign. Although Hillsborough is a fairly small elementary school district (K-8) with only 1200 students in 4 schools, the Foundation has been able to provide approximately 10% of the school district's funds. Their approach includes knocking on doors to talk to people about the schools, a phone-a-thon in which all parents of school children were contacted in a single evening, school newsletters, coffees and teas. Hillsborough's special gifts campaign allows a donor to specify where his/her money goes. According to trustee Eric Schmidt, "We go to the music store owner and tell him about a special fund for supporting the music program at school. Children rent instruments from the music store when they are in

the program, so the music store owner is happy to contribute" (quoted in Works in progress, 1983, p. 20). Schmidt also confessed that part of their tactics to encourage donations includes an appeal to parents' sense of guilt over voting for Proposition 13, supplemented with a barrage of facts and figures describing the district's problems.

Adopt-A-School Programs

One unique program being tried out by school foundations is the adopt-a-school program in which a local business agrees to "adopt" a school by providing time and resources to the students on a regular basis. One such program is being sponsored by the Newport-Mesa Schools Foundation in Orange County. This model is also being explored by the Irvine Education Foundation. The adopt-a-school movement got a national boost recently from President Reagan when he announced that the White House has "adopted" a local elementary school in the District of Columbia. Forging links such as these between businesses and the schools is proving to be almost as valuable as the funds raised by school foundations.

Critics of the School Foundation Movement

The school foundation movement, particularly here

in California, has not been without its critics. The most severe criticism focuses on the foundations' potential for upsetting the equal funding laws. The charge is that school foundations in wealthy districts will be able to raise large amounts of money whereas less money would be generated in districts with low income parents. However, in a recent speech that was generally supportive of school foundations, State Superintendent Bill Honig indicated that he did not think school foundations were undermining the Serrano-Priest decision (Honig, 1983). Even though these serious questions have been raised, there have been no legal challenges to foundations supplementing school budgets, nor has any one suggested that the state might reduce state aid to school districts with successful foundations.

Additional concerns relate to what some have called the "privatization of public education." That is, private interests, especially corporate interests, may start playing a significant role in how school funds are spent. This concern is part of the broader issue of who decides how the money raised by foundations is to be spent.

A Summing Up

Even if and when the current financial crisis in

California's schools abates, it seems very likely that the school foundations will continue to grow and flourish--serving not just as fundraisers, but as valuable links between the schools and the community and between the community and the state. The programs cited here have much to offer the public schools in terms of public image and morale boosting. School foundations offer citizens a very direct mechanism for improving the quality of education in their own districts, and through collective action, at the state level.[2] They are an important means for regaining some local control of the schools. They can help put the "public" back into public education.

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Footnotes

[1]More information on the San Francisco Education Fund can be obtained by writing to the Fund at 833 Market Street, Suite 1008, San Francisco, CA 94103.

[2]For example, the Maryland State Board of Education recently announced the creation of a single state-level education foundation to raise private sector funds for the public schools ("Maryland board approves," 1983).